



RBI/2015-16/196

DNBR.CC.PD.No. 069/03.10.01/ 2015-16

October 01, 2015

To
All NBFC-MFIs

Madam/ Sir

**Non Banking Financial Company-Micro Finance Institutions (NBFC-MFIs) –
Directions – Modifications**

In terms of extant instructions on pricing of credit by MFIs, the maximum variance between the minimum and maximum interest rate on loans cannot exceed 4 per cent.

2. The National Scheduled Castes Finance & Development Corporation (NSFDC) under the Ministry of Social Justice & Empowerment, Government of India, has proposed to expand its outreach by channelizing funds through select NBFC-MFIs at lower rate of interest. The objective of NSFDC is to work for the economic empowerment of persons belonging to Scheduled Castes living below the Double Poverty Line.

3. In order to enable NBFC-MFIs to act as channelizing agents of NSFDC, it has been decided that the condition relating to the maximum variance permitted shall not be applicable to loans extended by NBFC-MFIs against funding by NSFDC. The on-lending to individuals by NBFC-MFIs out of funds of NSFDC shall only be through direct credit to their accounts with banks. Further, NBFC-MFIs shall exclude borrowing from NSFDC in arriving at the average cost of funds of the company for the purpose of pricing of credit, other than to the beneficiaries targeted by NSFDC. For this, NBFC-MFIs shall maintain proper record of funds received from NSFDC and the lending out of those funds.

4. Appropriate disclosures in this regard shall be made in the balance sheet of such NBFC-MFIs. The minimum disclosures should include quantum of funds received

from NSFDC, cost of such funds, loans disbursed therefrom, rate of interest on such loans and the number of beneficiaries.

5. NBFC-MFIs shall inform the concerned Regional Office of the Reserve Bank of India of their appointment as a channelising agent by NSFDC within one month from the date of such appointment.

Yours faithfully

(C.D.Srinivasan)
Chief General Manager